Maryland's All Payer Pilot: Status Report

Colorado Commission on Affordable Health Care

Carmela Coyle

February 8, 2016

Maryland Hospital Association

Maryland's Transformation

- Where We Are
- Where We're Going
- The Path Forward

History

- Rate setting – MD is the only state where hospitals don't decide how much to charge
- "All-Payer" system where patient pays same price for same service in same hospital
- A 40-year agreement with Medicare
- Allows Maryland to "waive" Medicare payment rules, set rates hospitals charge
- Can keep as long as we meet waiver "test"
  - Growth in Medicare spending per in-patient hospital stay is less than the nation

History

But 40-year-old waiver “test” was out of date

OLD		NEW
Inpatient care		All hospital care
Medicare only		All payers
Cost of care per hospital stay		Cost of care per person overall plus quality

Where We Are

New Maryland All Payer Waiver

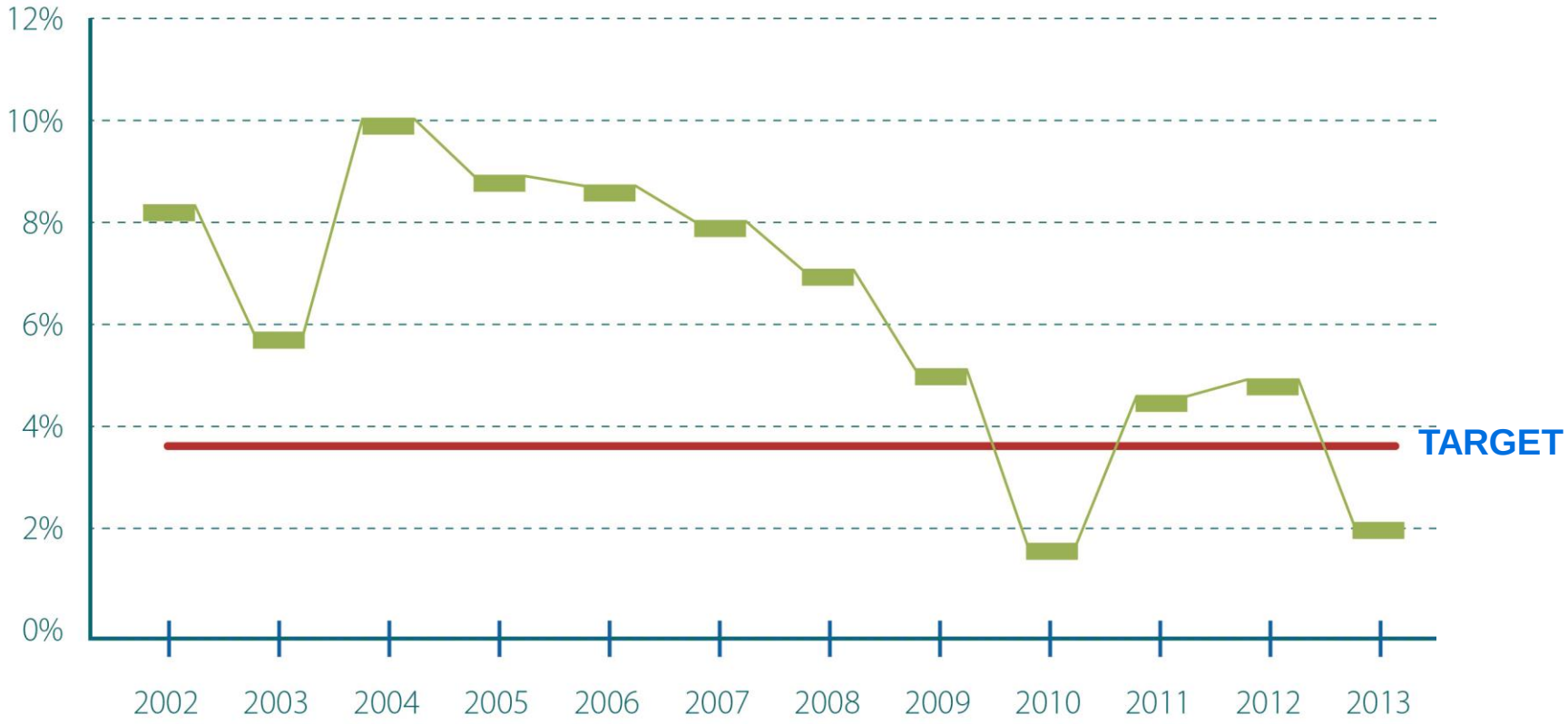
- Five year demonstration program (1/14)

- Three financial metrics:
    - Annual hospital spending cap – 3.58% per person
    - Medicare savings target - $330 million over 5 years
    - Growth in Maryland spending (hospital and non-hospital spending cannot exceed the nation)

- Two quality metrics:
    - Reduce 30-day readmissions to national average
    - Reduce complications by 30% in 5 years

All-Payor Per Capita Target: 3.58%

GROSS HOSPITAL REVENUE PER CAPITA GROWTH



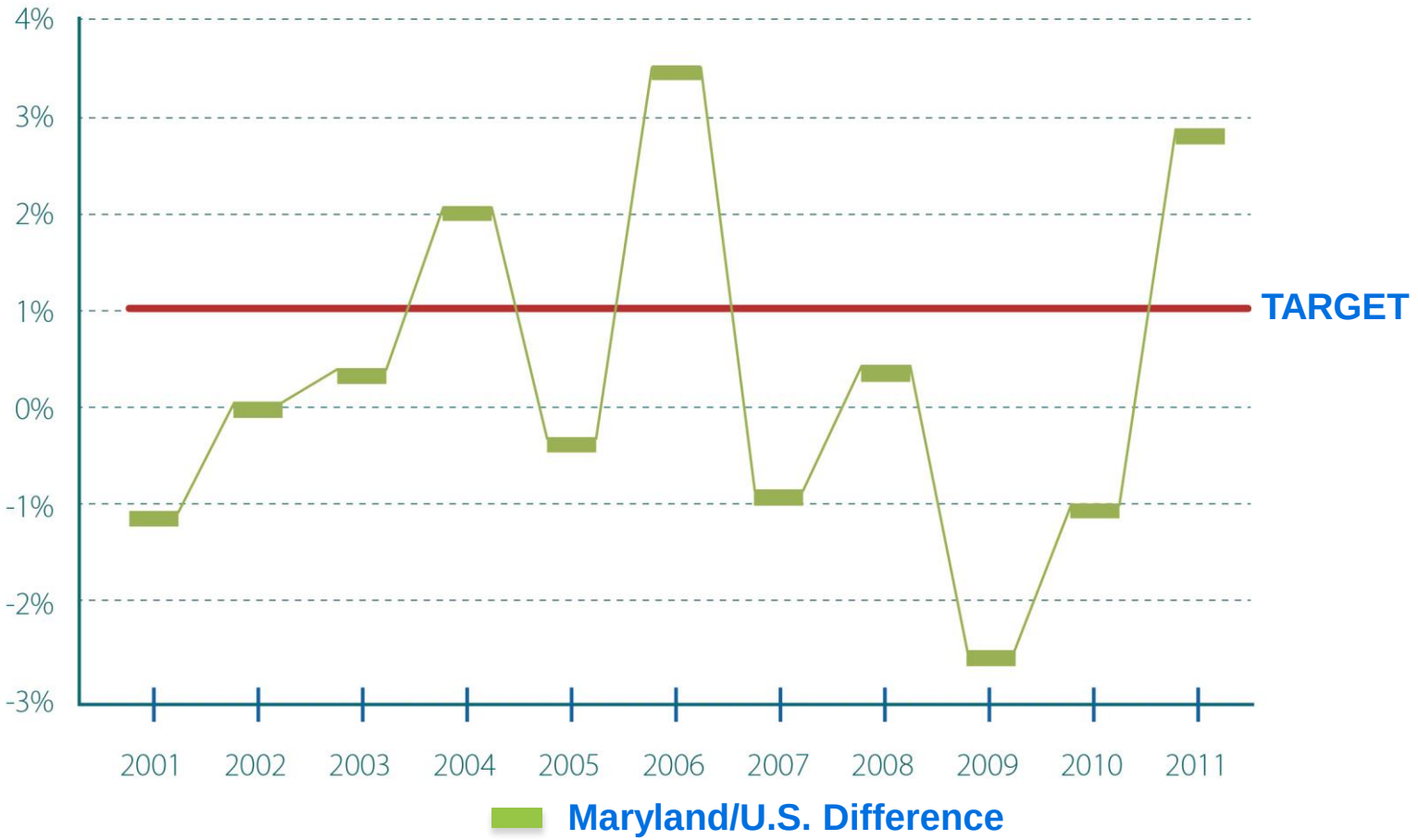
Medicare Hospital Savings Target: $330 Million

HOSPITAL MEDICARE SPENDING PER BENEFICIARY

Note: Target equals U.S. actual growth less 0.5% required to achieve $330 million in savings

Total Medicare Spending Target

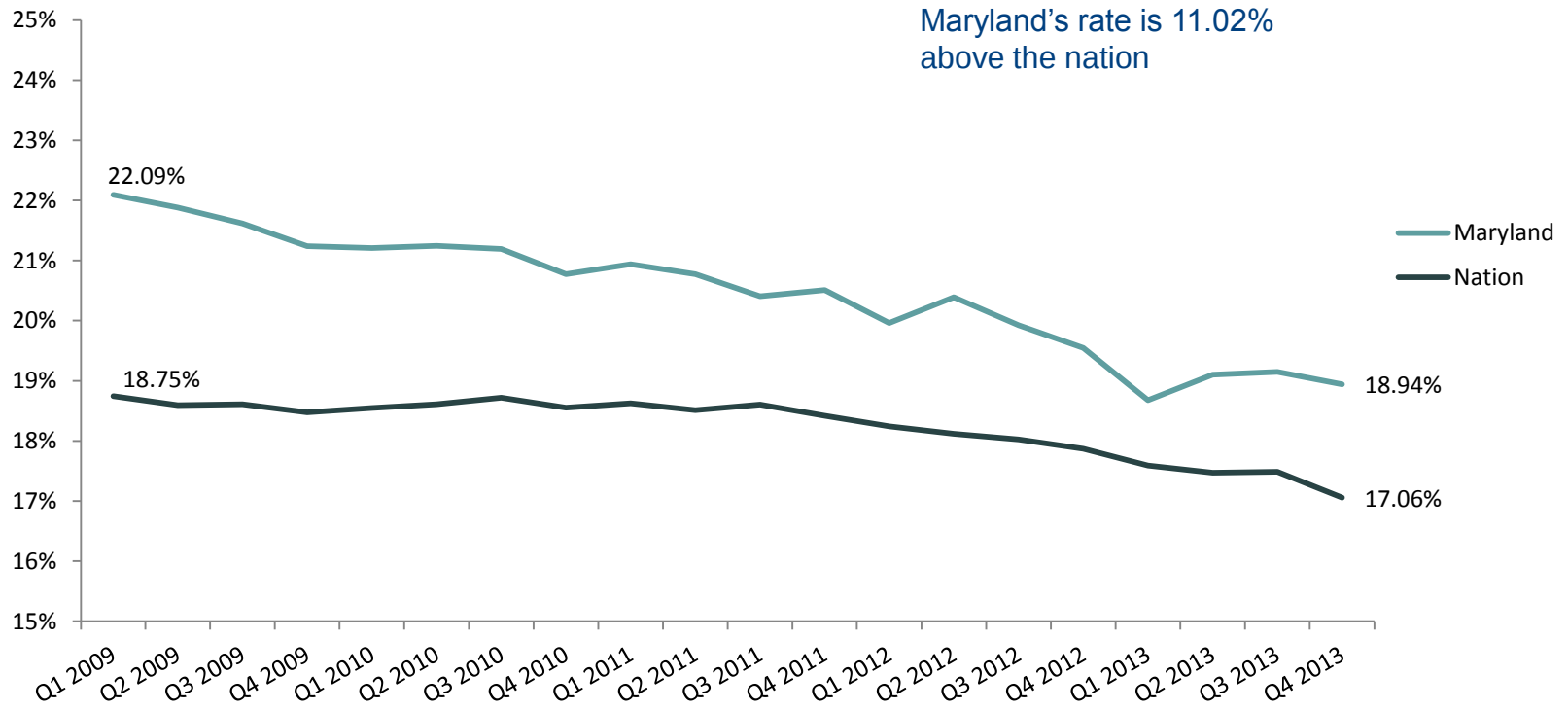
Maryland Total Spending Per Beneficiary Growth <= 1% Above National Growth



Maryland Waiver Performance Dashboard Annual Performance – Year 1

Medicare Readmission Rate

Maryland Compared to Nation, Per Total Admission



Source: CMS Quality Improvement Organization's Quarterly Scorecard

Note: Readmission rate equals total number of readmissions that occurred 30 days post-discharge per total admissions

New Incentives

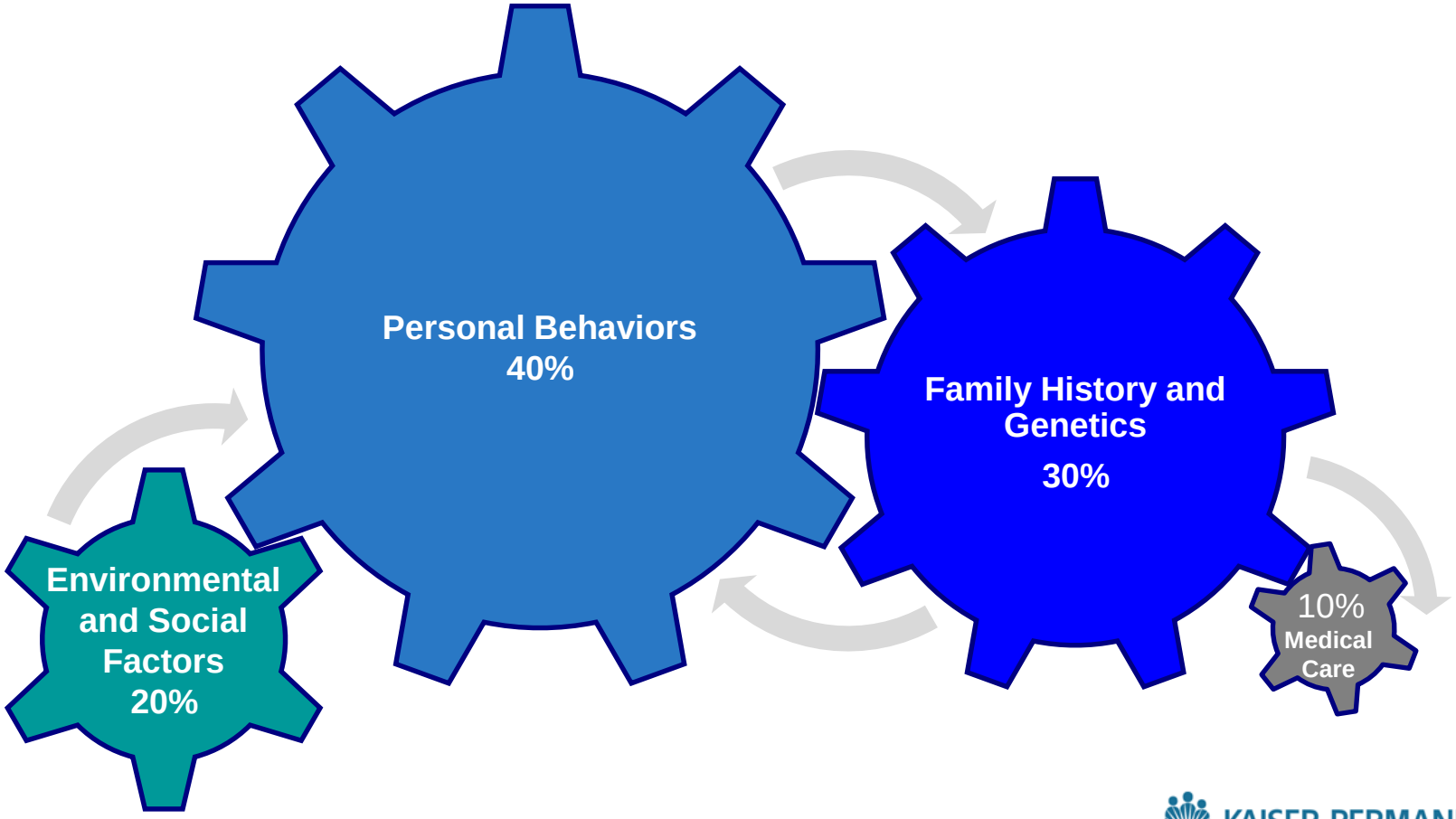
Changes how hospitals are paid to reward the right things – global budgets

- Success under the new rules requires:
  - cost reduction
  - care coordination outside the hospital
  - care in lower cost, community setting
  - reduce unnecessary care
  - improve clinical effectiveness

- The key: population health management

Health is About More Than Clinical Care

Health is driven by multiple factors that are intricately linked – of which medical care is one component.



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Source: Determinants of Health and Their Contribution to Premature Death, JAMA

What's Happening?

Margin Improvement	Business (Re)Configuration	Clinical Effectiveness
Clinical labor productivity	Corporate/market scale	Care processes
Nonclinical labor productivity	Geographic footprint(s)	Clinical variation
Overhead	Service offerings	Care utilization
Supply Chain	Service line distribution	Care management
Revenue Cycle	Physician alignment strategy	Clinical integration
Facility planning/maintenance	New contracting/pricing models	Care transitions
Capital allocation	Consumer and retail strategy	End-of-life care
Non-operating assets/liabilities	Innovation strategy	Patient education
Corporate risk management	Community investment strategy	Public health and wellness

Care Delivery Changes

Requires Enabling Infrastructure:

- Intensive care management, care coordination
- Data analytics – risk screening; population health mgmnt
- Partnerships with SNFs and other post acute providers
- In-home visits to manage chronic disease
- Clinics for underserved patients
- Nurse call lines
- Tele-health and tele-monitoring
- Transportation to medical appointments

Insights from the Field

- This is hard, hard, hard work
  - business model, clinical model, policy development
- It's counterintuitive
  - volume to value
- The pace is intense
- Investment needed now for later success
- The tricky part is yet to come

Where Are We?

GPS says…

At the beginning…

Where We're Going

Waiver Next Steps

- Proposal to move to "total cost of care" due 12/2016

- Issues:
    - What is the future "vision?"
    - What is the oversight entity?
    - What does "alignment" mean?
    - How should "alignment" be best achieved?

- Politics:
    - CMS pressing for earlier move
    - Multiple new stakeholders
    - Project leadership


THE
NEXT
BIG
THING

The Path Forward

- Partnerships
  - Among hospitals
  - Post-acute providers
  - Community-based providers
  - Retail providers
- Policy changes
  - Capacity conversion
  - Physician gainsharing
  - Telehealth
- Community and patient engagement

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